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May 20, 2010

Dear Representative:

On behalf of the 1.6 million members of the American Federation of State, County and Municipal Employees (AFSCME), I strongly urge you to support The American Jobs and Closing Tax Loopholes Act of 2010 (H.R. 4213). This bill has a number of extremely important job creation provisions – and of particular concern to our union it provides critically important state and local aid, as well as an extension of unemployment insurance and health benefits for the unemployed.

Across the country, state and local governments are facing huge budget shortfalls as a result of declining tax revenues, high levels of unemployment, increasing poverty and declining wages. While the American Recovery and Reinvestment Act (Recovery Act) helped close budget gaps last year, cities, counties, school districts and states continue to face new budget shortfalls. H.R. 4213 includes a six-month extension of the enhanced Federal Medical Assistance Percentages (FMAP) contained in the Recovery Act, which AFSCME fully supports. The FMAP extension will help states avoid significant cutbacks in vital public services and save hundreds of thousands of jobs, including teachers, police, firefighters and public health workers. It also includes an extension of the Temporary Assistance for Needy Families Emergency Fund, important funding for cash assistance and subsidized employment.

It is absolutely vital that the fiscal relief provided in the Recovery Act be extended immediately. Most states begin their fiscal years in July, and they are making budget decisions now. Indeed, at least 24 states are already relying on the enhanced Medicaid funding in their FY 2011 budgets. If it is allowed to lapse at the end of 2010, states will be forced to make more job-killing budget cuts and tax increases. In fact, the economy lost \$70 billion in potential GDP growth in the first quarter of 2010 as a direct result of the contraction of state and local government spending.

Medicaid spending represents 17% of states' general fund expenditures and is the largest component of state spending overall. The Recovery Act's Medicaid match extension will help states, which are bound to maintain balanced budgets, avoid harmful budget cuts that could jeopardize the health care of millions of Americans and be a serious drag on our still-weak national economy. The Congressional Budget Office and leading economists agree FMAP is one of the most effective tools to stimulate the economy. Every dollar invested in state and local fiscal government yields \$1.41 in economic activity.

For the foregoing reasons, AFSCME strongly urges you to vote yes on The American Jobs and Closing Tax Loopholes Act of 2010.

Sincerely,

Charles M. Loveless
Director of Legislation

CML:fbb

American Federation of State, County and Municipal Employees, AFL-CIO

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